July 18, 1985

Entire contents copyright 1985 by Crain Communications Inc. All rights reserved

75¢ a copy; $55 a year

7/8/85
C2710-1

Thursday

Special Report— Liquor Marketing: Finding ways to brake the sales slide

Two ad campaigns share our annual music awards

ROCHELLE UDELL

From Coppertone to Calvins, she makes advertising that sizzles

B
M
AA
DC200140CONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #600
WASHINGTON DC 20014

Thursday

Jingle rings 'em up

McDonald's never has seemed like a company that would spend more than a half-billion dollars on advertising and promotion using a theme penned on a bus, but it has done just that with "It's a good time for the great taste of McDonald's," which has been its signature since June, 1984. *See Page 4.*

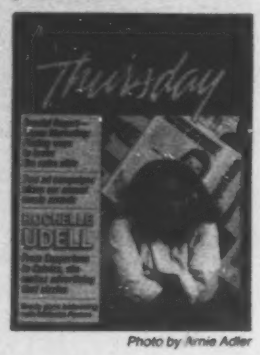

Photo by Arnie Adler

Hot ads

Rochelle Udell, a recent addition to the Della Femina, Travisano & Partners creative font, is direct, witty, iconoclastic and responsible for some of the most sensual and provocative advertising ever to appear on tv. *See Page 9.*

Family feud

The Bingham family, owners of premier newspaper and broadcast properties in Louisville, has voted to split control of its holdings. The move is seen as an attempt to strengthen the family's control of the newspapers—the *Courier Journal* and the *Louisville Times*—which are considered far more valuable than their broadcast properties. It follows a public offering of 18% of the family holdings by Sallie Bingham, but other family members, who are feuding with Ms. Bingham, maintain the events are not linked. *See Page 50.*

Special Report—Liquor

Liquor sales continue to slip into a deep freeze. However, industry innovators are launching new products and realigning their sales divisions in an effort to cope with a market that will continue to take its share of shots. *See Page 13.*

Yuppie ad? Yep and nope: Can this ad, which pictures an abstract painter and talks about Rose's Lime Juice's quality tradition in tiny type, be aimed at yuppies? Yes, but not according to the view of them as crass maferialists, which is not the way Ammirati & Puris, also agency for BMW cars, sees the market.

Presstime

Ad forecast chillier

NEW YORK—Robert Coen, McCann-Erickson's senior vp-director of forecasting, this week lowered his projections on 1985 U.S. ad spending increases to 9.1%, down from the 9.7% boost he predicted last year for '85 (AA, Dec. 17). The new total comes to $95 billion. Local advertising is expected to increase more than 10%, but national advertising should be only 8.3%, down from Mr. Coen's earlier 9.2% projection. Mr. Coen cited as reasons for the lower increase weaker-than-expected economic performance in the first quarter and a "flattening out" of spending by computer companies and utilities.

Trintex seeks agency

WHITE PLAINS, N.Y.—Trintex, the videotex joint venture of CBS, IBM and Sears, Roebuck & Co., is conducting its first agency search. The service, expected to start in 1986, will bill $10 million to $15 million, sources say.

Dailey flies with Western

LOS ANGELES—Western Airlines has moved its $20 million account to Dailey & Associates after a review that did not include incumbent Doyle Dane Bernbach.

Teachers picks Elliott

NEW BRITAIN, CONN.—W.V. Elliott Co. has signed an agreement with William Teachers & Sons, Scotland, to become sole importer of Teachers Highland Cream, Teachers' Royal Highland and Teachers' Glendronach scotches. Bacardi Imports, Miami, previously had the brands. William B. James Advertising, Elliott's in-house shop, will handle advertising. Rumrill-Hoyt was the last agency to handle the brands.

Live Aid lags on ABC

NEW YORK—ABC-TV's live prime time telecast July 13 of the Live Aid rock concert averaged only an 11.6 A.C. Nielsen Co. rating and 23 share, to rank 30th among all programs that aired during the week ended July 14. Meanwhile, "20/20" posted an unusually high 16.3/29 to rank No. 6 that week; the ABC show led off with a story on new Coke and the return of "old" Coca-Cola. NBC, however, won the week, its 11th win of the last 12 weeks, as ABC lagged—hurt not only by Live Aid but the July 14 U.S. Football League championship (7.6/14).

Imahara trims work week

SUNNYVALE, CAL.—Imahara & Keep, responding to cash-flow problems, has put everyone at the 25-person Silicon Valley agency on a four-day work week at 80% pay for three months.

New agency for insurer

BOSTON—New England Mutual Life Insurance Co., which had been with Hill, Holliday, Connors, Cosmopulos for 17 years, is about a week away from naming a new agency here for its $5 million account, says Daniel Logan, vp-director, corporate communications and advertising. Cosmo-

(Continued on Page 51)

Yuppie pursuit: It's too trivial for marketers

By Stewart Alter

July 18, 1985 in Denver. It's a place and a date that will go down in yuppie folklore.

For this evening at the Denver Center for the Performing Arts, American Express will begin the rewriting of yuppie history. It will salute Denver-area young professionals involved in volunteer work; those who undermine the stereotype of yuppies as materialistic, self-absorbed hedonists; those who, in the words of the American Express ad that kicked off the program a few months ago, "know that there's more to life than a vcr, a food processor and a new pair of running shoes."

What's happened here? Just a short while ago the marketing world was slavering over young urban professionals, a breed seen as having utterly redefined the concept of discretionary spending through an absolute devotion to superficiality.

Then, according to a deluge of press accounts, yuppies said they resented being stereotyped as mammon-worshipers and, in a wink, the advertising world has transformed this actually-quite-small market segment from sinners into saints. "The yuppie phenomenon is in retreat," said one newspaper headline.

Well, what's happened, according to some agency executives, is an image switch from Mr. Hyde to Dr. Jekyll that is no more realistic or accurate than before.

From a marketing point of view, the inaccuracy is not so much one of factual description, but of context. Because yuppies buy things doesn't mean they do nothing but buy things, buy things only for status or represent all high-ticket-product buying power in the U.S.

There are, of course, some campaigns that have specifically played up yuppie status-seeking, but these are not for the products successfully associated with the market. Brands such as Cuisinart or BMW cars continue to advertise without the "Hey, yuppie, looking for status?" approach. Am-

(Continued on Page 51)

Product flop contest—Page 48

REGULAR FEATURES

ADVERTISING MARKETPLACE	47
BRADY	43
CREATIVE FOCUS	44
GOING PLACES	7
LETTERS	46
PARTING SHOT	44
PHOTO REVIEW	6
PRESSTIME	51
REGIONAL UPDATE	50
WORDS FROM GARTNER	43

Vol. 56, No. 55—ADVERTISING AGE (ISSN 0001-8899) is published twice weekly except once a week the first week in January, the first week in July, the fourth week in November and the fourth week in December at 740 Rush Street, Chicago, IL 60611. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 740 Rush Street, Chicago, IL 60611. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. $1.25 a copy on Monday, 75¢ a copy on Thursday. $65 a year, $100 two years. Add $143 per year for air delivery to Europe & Middle East. Add $40 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; ROGER DI GREGORIO, fulfillment director; HEIDI SCHULTZ, senior circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to circulation department, Advertising Age, 740 Rush St., Chicago, IL 60611 (312) 649-5200.

Special Report

Liquor Marketing

Petroff

Distillers try tactics to brake sales slide

By Ed Fitch

The ice age cometh. Just when the liquor industry needs a thaw, its sales slip further toward a deep freeze.

Distilled spirit sales declined for the third consecutive year in 1984—down 1.4% from 1983—as per-capita consumption of distilled spirits dropped from 2.77 gals. to 2.70 gals., according to *Impact*, a wine and spirits industry newsletter. Pouring appealing new products into the market and repositioning existing brands has helped, but these moves will not melt consumers' tough attitudes toward distilled spirits.

For the short term, health and waistline consciousness and concern about driving under the influence of alcohol are souring most companies' revenue potential and causing sales to tumble. Unless Americans decide that pouring down a couple of stiff ones is fashionable, the industry may have contracted permanently.

James Thompson, chairman-president and chief executive officer of Glenmore Distilleries Co., Louisville, Ky., likens the industry to a fish pond that is diminishing in size. "At some point, the size of the pond can't support a healthy population," he says. "When that occurs, it's a question of acquiring, merging, undertaking joint ventures or shrinking operations to suit the circumstances—whatever works best in helping a company better deal with obtaining larger pieces of a shrinking pie."

The big fish get bigger; the little fish are eaten or keep a low profile at the edge of the pond. Stand back Charles Darwin, a textbook case of survival of the fittest is unfolding.

"Unquestionably, there is greater merger and acquisition activity," says John W. Andersen, president-chief executive officer of Whitbread North America, Lake Success, N.Y. Whitbread acquired the Buckingham Corp., best known for marketing Cutty Sark, from Beatrice Cos. and merged it into its Julius Wile Sons & Co. subsidiary, forming the Buckingham Wile Co. in April. He says the trend toward consolidation is "not likely to abate through the end of this century."

Mr. Andersen distills the situation into a case of critical mass. "There is the recognition that companies must have sufficient enough strength and reach sufficient critical mass to compete effectively."

The trend, he says, began in the industry's retail sector and was followed closely by merger and acquisition activity among wholesalers. "The movement on the manufacturing side is a more recent phenomenon," Mr. Andersen says. And although retailer and wholesaler consolidation has reached its limits in some markets, on the distillers' side, "considerable opportunities remain—for small, medium and large companies," he says. "You won't find them listed in the 'We are for sale' catalog, but they are there."

They certainly are, and they find each other. In true survival of the fittest fashion, the race is on to carry the biggest club to market, beating competitors in meeting consumers' vagaries.

Current hot properties are those companies with an attractive portfolio of cordials, the industry's No. 1 icebreaker, realizing the greatest growth of any category. *U.S. News & World Report*'s "Wine and Spirits Marketing Bulletin" shows shipments of cordials increasing 9.6% in 1984, making it the fourth largest category in terms of volume.

"Certainly filling product niches is an important part of bringing the product portfolio

(Continued on Page 14)

Reorganized Seagram ready to battle for share

By Cara S. Trager

Seagram is the QE2 of the liquor industry: A little slow getting underway, perhaps, but once it's moving it cuts quite a wake. The beverage behemoth's major reorganization and ambitious new product developments are churning the waters of the industry, illustrating its determined effort to increase flexibility and overcome the liquor industry's latest challenge—decreased consumption.

As president of the company since last September, Edgar Bronfman Jr., grandson of the founder of Seagram Co. Ltd., Montreal, and its U.S. subsidiary, Jos. E. Seagram & Sons, New York, makes no bones about his intent: "To get additional volume by winning share. The industry is no longer a growing market and requires capturing shares from other companies."

Indeed, the liquor industry is in the midst of a sales stagnation. Moderation is the name of the game, as more Americans emphasize health and fitness and turn their attention to alcohol abuse, particularly driving while intoxicated. The House of Seagram, the largest sales revenue generator in the distilled spirits business, is not immune to the life-style changes that have altered the industry's course.

Its leading brands, Seagram's 7 Crown, Seagram's V.O. and Seagram's gin, while Nos. 3, 8 and 9 on *Impact's* May 1 listing of 1984's top 50 brands, are not what they once were. From 1983 to 1984, Seagram's 7 Crown and Seagram's V.O. both dropped 4% in case depletions, while Seagram's gin declined 2.5%.

Nevertheless, hope is on the horizon. Seagram's 7 Crown's decline represents an improvement over the brand's 7% drop in 1983, according to *Impact*. Additionally, the brand managed to increase its share of the bleeding blended category by a point, rising to an estimated 39% in 1984.

To boost that brand's performance, along with Seagram's V.O.'s, which Mr. Bronfman says has been affected by lower-price bulk imports, the company has increased both products' ad budgets substantially. He declines to reveal the amount, however.

"We can't expect a turnaround in one year, but the sales declines of both have slowed down, and in the near future, we will see a positive growth," predicts the 30-year-old company president. Over-all, the company, he says, expects to spend well in excess of $100 million in marketing its brands, with ad dollars up 6% to 8% from last year.

And that's only the tip of the iceberg. In a move to increase sales "by getting more people to drink less," Mr. Bronfman overhauled his company's innerworkings in February. The results: New product efforts were streamlined; comparable brands—in price or volume—were reassigned to a specific marketing company; two marketing companies were dissolved—General Wine & Spirits Co. and Calvert Distillers—in favor of two distinct operations, 375 Spirits and Perennial Sales Co., and the roles and management of Seagram Distillers Co. and Summit Sales Co. were redefined and reshuffled.

(Continued on Page 16)

Six days a week, Willie Harris mows the Orange Bowl. Waters it. Weeds it. Fertilizes it. Trims it. And lines it. So on Sunday 40 Miami Dolphins can mess it up. So he received a bottle of VO.
The reward.

The ad budget for Seagram's V.O. has been increased substantially.

Cara S. Trager, a frequent contributor to Special Report, profiled Carillon Importers and TBWA Advertising in last year's Liquor Marketing Special Report.

House of Seagram

Editor's note: Because the House of Seagram reorganized earlier this year, the entire company is covered in this profile.

Sales: In 1983, Seagram Distillers Co. realized the highest sales in the industry of any sales division with $490 million in revenue. General Wine & Spirits Co. and Calvert Distillers Co., both of which were dissolved in the reorganization, ranked 11th and 13th, respectively, with sales of $160 million and $135 million.

Volume: Seagram Distillers Co. ranked third in 1983, having shipped 15.4 million 9-liter cases, accounting for 8.3% of total industry depletions. Calvert Distillers ranked seventh and General Wine & Spirits ranked 15th. Respectively, they accounted for 3.5% and 2.1% of total industry case depletions.

Major 1984 brand action:

- Seagram's 7 Crown—5.2 million cases depleted, down 4.1% from 1983. (Warwick Advertising, New York, handles.)
- Seagram's V.O.—3.4 million cases depleted, down 4% from 1983. (Ogilvy & Mather, New York, handles.)
- Seagram's gin—3.4 million cases depleted, down 2.5% from 1983. (Mingo Jones, New York, handles.)
- Kessler—1.5 million cases depleted, down 1% from 1983. (Warwick Advertising handles.)
- Crown Royal—1.4 million cases depleted, up 8.7% from 1983. (Warwick handles.)
- Lord Calvert—1.2 million cases, same as 1983. (Doyle Dane Bernbach, New York, handles.)
- Wolfschmidt—1.2 million cases, down 0.4% from 1983. (William Esty Co., New York, handles.)
- Leroux cordials—1 million cases depleted, up 0.5% from 1983. (Warwick Advertising handles.)
- Calvert Extra—1 million cases depleted, down 6.5% from 1983. (Doyle Dane Bernbach handles.)
- Chivas Regal—950,000 cases depleted, same as 1983. (Doyle Dane Bernbach handles.)
- Ronrico—830,000 cases depleted, up 5.1% from 1983. (Doyle Dane Bernbach handles.)

Sources for all sales, volume and brand action boxes: *Impact, 1985 Impact Yearbook.*

Distillers

(Continued from Page 13)

up to critical mass," Mr. Andersen says. "It is necessary to have the ability to cover the range with your product line to bring more power to bear on the wholesaler."

Broadening product lines is only a part of the picture, however. Many companies are more interested in consolidating volumes or realizing more efficient production capabilities, he says.

"One company may have superb facilities and a weaker product line, while another may have the products, but not the facilities," Glenmore's Mr. Thompson says. "Facilities have a lot to do with it because of the capital expenses involved."

Schenley Import Co. reportedly was interested in acquiring Glenmore earlier this year to tap into the company's extensive production capability. Economies of marketing, sales coverage and administration also can be substantial, he says.

"You can typically spread out more of your people over the organization and handle more volume," Mr. Andersen says. "At Buckingham, for example, we had about a 50-50 rate between retaining people or letting them go."

Cost-cutting moves such as this can overrule product conflicts. "If you have brands that overlap, some may have to be divested," he says. "But in many instances it is not a category conflict if the products are at different price points. This can be a strengthening move if you can cover the range in a category."

Some companies view diversifying out of the distilled spirits industry as a strengthening move. "Any company with any sense is looking outside of the industry," Mr. Thompson says. "This is a case of not only diversifying their risk, but also of increasing growth opportunities."

Glenmore, for example, is looking at food lines, where marketing and production needs parallel distilled spirits', he says. "I doubt we'll ever be in the business of selling tire and rubber or nuclear armaments."

Mr. Andersen says some obvious problems arise from stepping outside of the liquor industry's boundaries. "The most notable being that you split your management focus and often are unable to maintain an integrated operating structure."

The critical factor, he says, may be whether a distiller is publicly or privately held. When publicly traded companies reach a certain size, he says, "their growth is limited by the markets in which they are active. They need to generate growth to support their stock," and this means looking for new and often diverse sources of business. "Because Whitbread does not worship at the feet of Wall Street, we are not limited by this."

London-based Whitbread & Co.'s activity illustrates a twist in the acquisition mix. According to industry estimates, foreign-owned companies control 35% of the U.S. spirits business.

Mr. Andersen predicts this percentage will increase as foreign companies "look out of their home economies for investment opportunities. For the most part," he says, "they've gone through the same problems—Britain experienced a similar situation eight to ten years ago. The pendulum in America never fails to swing all the way to the right and left before it settles in the middle."

The pendulum will swing back in the industry's favor "in 40 or 50 years—and perhaps I'm being optimistic," Mr. Thompson jokes. "There are positive developments. It's not all gloom and doom."

And while both executives say consolidation won't stimulate consumption or change America's tastes, it may keep Mr. Thompson's fish pond from freezing over entirely.